

January 15, 2008

Maine Milk Commission Special Meeting Minutes
Agriculture Trade Show
Augusta Civic Center

Commission Present: Chair, Michael Wiers, Colon Durrell, Katherine O. Musgrave and Tim Drake.

Commission Absent: John Joseph, Jr.

Department Officials: None

Staff Present: Stan Millay, Executive Director, Carol Gauthier, Office Associate and Audrey Shorty, Resource Administrator.

Legal Counsel: Amy Mills, Assistant Attorney General not present.

Intervenors Present: John Blake, H.P. Hood, Inc., Tom Brigham, Oakhurst Dairy and Julie-Marie Bickford and Dale Cole, Maine Dairy Industry Association

Meeting called to order at 10:30 A.M. by chair, Michael Wiers.

Mr. Wiers welcomed visitors and guests, announced that this meeting was for the purpose of up-dating the Commission and others on the state of the dairy industry and asked Commission members and staff to introduce themselves.

Guest speakers included: Leon Graves representing Dairy Marketing Services (DMS), Robert Wellington from Agri-Mark Cooperative plus Dr. George Criner and Lisa Bragg from the University of Maine.

Erik Rasmussen the Northeast Market Administrator Federal Milk Order No. 1 was scheduled to attend but had to cancel due to weather.

Mr. Graves reported that milk production in 2007 in the Northeast declined but was a remarkable year with record high prices. He predicted 2008 to have good milk prices, but lower than 2007. He pointed out that even though producers were getting more money for their milk, their costs were increasing as fast or faster. He cited feed, fuel and fertilizer costs as being much higher than in the past.

Mr. Graves went on to say the Cooperatives Working Together (CWT) program would continue in 2008. He reported that the demand for rBST free milk has grown during the past year and that most Class I plants in Northeast were "rBST free", making it difficult for producers who use the product in their herds to market their milk. He said this trend for demand for milk from cows not treated with rBST would continue and was beginning to effect manufacturing plants. He said that animal cloning and genetic engineering would be hot topics in the ensuing year.

Mr. Graves continued by explaining that milk production was up nationwide even though the northeast was down. He said this presents a supply problem for processors and threatens the dairy industry infrastructure in the northeast, especially New England which is the heart of the northeast.

He went on to report that fluid milk sales nationally were down as was cheese sales which will hurt producer prices if the trend continues. He said strong demand for non-fat dry milk powder was keeping milk prices higher.

Mr. Graves updated the Commission on proposals in the 2007 farm Bill that Congress is considering. He said that overall, it has some positive aspects for dairy.

Mr. Wellington stated that he agreed with Mr. Graves remarks. He went on to say that the milk feed ratio for producers was critical at this point and would be a large factor in U.S. milk production growth in 2008. He explained that if the value of milk was high enough for producers to afford more feed they would do so to increase their production. He said he believed the fast increasing producer costs would prevent them from increasing production very much.

Mr. Wellington reported that 11% of U.S. production was going to export as nonfat dry milk powder and was estimated to continue through 2008. He stated that China was one of the biggest buyers.

He said he agreed with Mr. Graves's assessment of the 2007 Farm Bill and wished it had more in it by increasing the support prices that are well below cost.

Dr. Criner reported that the Retail Cost Study was completed and would be the subject of Public Hearing on the 18th January at the next Commission meeting.

Lisa Bragg outlined the Cost of Production Study the University is doing for the Commission. She said that a letter will be going out to producers the last week of January explaining the data collection survey; approximately the first of February the survey will be sent to producers. Two follow up letters will be sent to producers who have not returned their surveys. Data analysis will follow.

Julie-Marie Bickford reported that MDIA had been working hard to be sure the University filled the void left when Tim Dalton left. She reported that MDIA was encouraged that Lisa Bragg has been assigned to do some of that work. She went to say that MDIA was very involved in trying to make changes to the Federal Milk Order that would benefit producers.

She told the Commission about a proposal to merge the State's natural resource agencies; Agriculture, Conservation, Fish & Wildlife and Marine Resources, into 2 departments. She said MDIA would be working to protect the interests of dairy producers and the rest of Maine's farming community as this process goes forward. She reported that the agencies would be forming a working group that is charged with reporting out a plan by January 2009.

Mr. Wiers thanked the speakers and audience and adjourned the meeting at 11:55 A.M.

Stanley Millay, Executive Director, Maine Milk Commission.